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*The Confederate States of America.* By J. C. SCHWAB, Ph. D. Pp. xi. 332. Price, \$2.50. New York: Charles Scribner's Sons, 1901.

Students who have read the earlier papers that Professor Schwab has published upon the finances of the Confederacy will find in this volume, which forms one of the Yale bi-centennial publications, a satisfactory fulfillment of the expectations which those papers aroused. In fact Professor Schwab has done more than was expected, for his completed work presents an economic as well as a financial history of the South during the Rebellion, and even devotes one chapter to the Military Despotism of the Confederate Government. There is, unfortunately, no single book that does as much for the Northern States.

Professor Schwab devotes his first four chapters to the financial legislation of the Confederacy, which was based upon the loan policy, and which failed to recognize, until all too late, the importance of developing an adequate system of taxation. The first loan was for \$15,000,000, secured by an export tax upon cotton, which was to be the chief lever by which Southern influence could be exerted upon European financiers and statesmen alike. Then came a small issue of interest-bearing treasury notes, soon to be followed by larger emissions that bore no interest. Other acts authorized the sale of \$150,000,000 of bonds, that were sold for specie, military stores or raw produce and manufactured articles, but chiefly for cotton which the government expected to market in Europe. During 1861 treasury notes supplied 72 per cent of the total revenues, bonds furnished 22 per cent, and only 2 per cent of the government's income came from taxation or from the seizure of funds belonging to the United States.

These financial measures of 1861 were prophetic of what the subsequent years held in store. Further issues of bonds and of treasury notes were made, and every conceivable method of safeguarding such issues was attempted. But the proceeds of taxation were inadequate to support the credit of the government, so that it became increasingly difficult to float bonds, and treasury notes were emitted in enormous quantities. During the last ten months of 1862 only 9 per cent of the revenues came from the sale of bonds, while 85 per cent were derived from treasury notes and certificates. Doubtless the showing would have been somewhat more favorable if the blockade had not restricted imports and rendered the exportation of cotton most difficult. But even then the development of taxation would have lagged behind the requirements of the situation, and the ultimate outcome would have been the same. If the planters could have exported cotton freely, they would not have exchanged their crops for the securities of the government.

Professor Schwab devotes five chapters to Southern banks and the history of Confederate currency. Naturally the large issues of treasury notes inflated prices, and led to the appearance of a premium on gold as early as the middle of 1861. Subsequent emissions increased the depreciation, until one dollar in specie was finally worth sixty-five dollars in paper. Greatly to its credit the Confederate government refused to enact a tender law, but the treasury notes found their way into circulation nevertheless, and the State legislatures "went to great lengths in passing legal-tender laws." Of

course, the extreme redundancy of paper did not satisfy the demands for "more money," which continued to be heard even when the volume of currency had assumed the proportions of a deluge. The inflation was increased by State, and even municipal, issues of treasury notes, which finally aggregated many millions. In this respect the experience of the Confederacy resembled that of the old Continental Congress, which encountered the competition of the several States in the issue of bills of credit.

In February, 1864, the Confederate Congress passed its famous "Funding Act," which was intended to "reduce the currency" by compelling note-holders to fund their notes in 4 per cent bonds, or to exchange them, at a discount of 33 1-3 per cent, for a new issue of paper. This law Professor Schwab justly considers an act of practical bankruptcy, and he compares it aptly with the resolution adopted by the Continental Congress on March 18, 1780. In the later, as in the earlier case, the result of such legislation was to wreck the finances beyond hope of repair. No more bonds could be floated, and until the final downfall of the Confederacy, the expenses of the government, "like those of a bankrupt corporation, were chiefly met by creating a huge floating debt, represented, for instance, by large arrears—four hundred to five hundred millions—in the War Department, and by accumulated unpaid warrants on the treasury."

Professor Schwab's final chapter deals with Confederate and Local Taxation. Customs duties were levied in 1861, but these, and especially the export tax on cotton, proved to be unproductive on account of the blockade. The only other tax authorized that year was a direct war tax upon property. The States were allowed to assume payment of the quotas, and proceeded to borrow the amounts due, so that the tax was virtually changed into a loan. Even then the yield was disappointing, and, during the entire war, direct taxes supplied but one-third of one per cent of the total revenues of the Confederacy in one year and two-thirds of one per cent in another. No additional taxes were imposed until April, 1863, when the Congress "levied a great variety of taxes upon property, earnings, and occupations." Within a year some \$60,000,000 in paper, equivalent perhaps to \$3,000,000 in specie, was derived from this source. In 1864 this tax was re-enacted, and some additional imposts were established; but from April to September of that year the specie value of all taxes collected was only \$2,000,000. Recourse to taxation came too late to support the credit of the bonds and paper money, and the Confederacy was tottering to its fall when its financiers awoke to the urgent need of such an expedient. Even then the results were most disappointing, and nothing could avert total bankruptcy.

We cannot comment on Professor Schwab's discussion of Southern trade and industry during the war, or his treatment of the finances of the separate States, valuable as both of these are. He depicts forcibly the industrial and social disintegration that culminated in utter exhaustion, and concludes, justly, that the "Southerners' sacrifices far exceeded those of the Revolutionary patriots." To the economist, he thinks, the interest of the war "centres about the picture it presents of the negation of normal economic forces."

For this work Professor Schwab has laid all students of financial history

under lasting obligations. Only a person who has labored over newspaper files and local records can appreciate the amount of work which the book entailed. But no one can fail to profit by the clear and instructive presentation of the facts elicited from all such sources, and to a large circle of readers "The Confederate States of America" will possess a permanent interest and value.

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*The Constitutional History of the United States.* By FRANCIS NEWTON THORPE. 3 vols, 1765-1895. Chicago: Callaghan & Co., 1901.

There have been several histories of the Constitution of the United States. Professor Thorpe is the first to make a serious attempt to write the constitutional history of the United States. The United States were not produced by their Constitution. They had already had a full and busy existence for a dozen years, and if we follow President Lincoln in his characterization of the Continental Congress of 1774, for fourteen. The component states had also had each its separate life and history,—separate and yet not wholly so. Their peoples had come to share the name of Americans, and many among them had long felt a certain sentiment of nationality.

In surveying the field before him, at the outset, Prof. Thorpe thought it too large to be covered by a single work. He, therefore, set himself first to the task of preparing what he styled a "Constitutional History of the American People." This he published in 1895, bringing it down to 1850; and now have come three volumes more, directed more particularly to the national features of our political system.

Something has been gained and something lost by this division of a subject which is really one. To those who read both works, it puts in bolder relief the aspect of the state as the forerunner and, in some respects, the prototype of the United States, and directs attention first, in a broad way, to the especially social, economic and psychological forces which lie at the foundation of our history. But to the greater number who will read but one, the author's plan of division makes his treatment of his theme seem incomplete; and frequent repetition in the later history is only avoided by as frequent references to the preceding one. In an age which knows so well the economy of combination, it seems a solecism to write two books when both might fairly be comprehended in one.

Mr. Thorpe prefaces his first volume with the observation of Professor Dicey that the historian of our Constitution is primarily occupied with ascertaining the steps by which it has grown to be what it is, whereas an American jurist, in lecturing upon it, would necessarily start from the written document itself. Such a remark from a foreigner is not unpardonable, but we confess our surprise at its endorsement in the work under review. In the earliest lectures on the Constitution of the United States by an American jurist, those published by Mr. Justice Story as his "Commentaries on the Constitution," half of the first volume is taken up with a review not dissimilar to that undertaken by Prof. Thorpe, of its historical sources and environment; and the same thing is true of the latest work on the Constitution, that of J.